

## THINGS TO CONSIDER IN SELECTING AN INVESTMENT PROFESSIONAL

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Many investors prefer to select their own investments and chart their own financial courses. As has been shown by recent events, however, some potential investors lack the training, expertise or time to manage their own portfolios. As a consequence, many investors find themselves in need of financial assistance, but may need assistance in selecting an appropriate investment professional. The Securities Division suggests a consideration of the following factors in the selection of an investment professional.

### Registration

First, you should ask whether your investment professional is registered with state or federal regulatory agencies. Generally, stock brokers must be registered with the state and investment advisers and their representatives who have assets under management of less than 25 million must also register with the state. State and federally registered investment professionals are also required to pass certain proficiency tests administered by the NASD or, in the case of investment adviser representatives, they must pass an examination or prove that they have been certified by professional groups requiring certain educational and/or proficiency levels. State registered broker-dealers and their agents are included in a database called the Central Registration Depository (CRD) which includes any disciplinary actions and complaints filed against them. Summaries of these actions are available to the public through the Delaware Securities Division. Registered broker-dealers, their agents and investment advisers and their representatives are subject to rules detailing honest and ethical conduct, which do not necessarily govern the behavior of unregistered persons. In certain circumstances, person selling securities without state registration and persons providing investment advice for a fee, without state registration, are doing so in violation of state law. If you have a question regarding whether the person you are dealing with is required to be registered, please contact the Division of Securities at (302) 577-8424 or (800) 220-5424.

### Track Record

Before conducting business with a investment professional, you should investigate his performance history. It is rarely wise to transact business with an unfamiliar investment professional who approaches you, in person, by use of the internet, or by telephone. It is wise to determine the investment professional's past performance. This can be accomplished by speaking with family members, friends and neighbors about the performance of the investment professional they have worked with. Obviously, credible independent information about the investment professional's long term performance can be important in choosing an investment professional.

**Review Agent's State Regulator**      **CRD**      **the History**      **with**      **Broker-Dealer your**

It is simple to find out if your broker-dealer has been disciplined for misconduct, or has a history of complaints against him by requesting a review of his CRD record. This information is publically available and is something you should consider before dealing with a broker-dealer or his agent.

**Investigate Education, Expertise**      **the Experience,**      **Professional's and**

You should investigate to determine the investment professional's extent of experience in his or

her profession. You can ask the investment professional about his or her background and, with regard to registered broker-dealers and their agents, you can verify this information through a check of the CRD information available to you through the Delaware Securities Division. You should also ask about any special education and training that the investment professional has which would qualify him, or her, to invest your money. Specifically, with regard to investment advisers, determine whether the investment professional is certified by any of the national professional organizations. These professional designations are earned by attending certain courses of study and/or passing proficiency exams. Some designations recognized by the Division by rule are: Certified Financial Planner (CFP), Certified Financial Analyst (CFA), Personal Financial Specialist (PFS), Chartered Financial Consultant (ChFC) and Chartered Investment Counselor (CIC).

### **Fees and Commissions**

Demand a clear and thorough explanation of all compensation to be charged in the form of fees and commissions. Ask questions until you have a clear understanding how and how much you will pay for the products and services provided. Keep copies of all written information relating to loads, fees and commissions.

### **Initial Interview**

Pay close attention during the initial interview. Consider whether the investment professional asks sufficient questions to determine your investment goals and objectives. If the investment professional is selling an investment product, is (s)he knowledgeable about that product? Can (s)he explain the product to you in a way you can understand? Does (s)he provide specific information, or just generalities? Consider whether any investment plan or strategy offered is consistent with your stated investment goals and objectives.

Although no regimen can guarantee success, the Division of Securities suggests that a careful consideration of these factors will assist you in selecting a competent investment professional.